

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549



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FORM 11-K



(Mark One)

- ☒ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 2001

- ☐ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934 [NO FEE REQUIRED]

For The Transition Period From \_\_\_\_\_ To \_\_\_\_\_

Commission File No. 0-25239

A. Full title of the plan and the address of the plan, if different  
from that of the issuer named below:

Superior Financial Corp. 401(k) Plan

B. Name of the issuer of the securities held pursuant to the plan and  
the address of its principal executive office:

Superior Financial Corp. 401(k) Plan  
5000 Rogers Avenue  
Fort Smith, AR 72903

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FINANCIAL STATEMENTS AND SUPPLEMENTAL SCHEDULE  
SUPERIOR FINANCIAL CORP. 401(K) PLAN

*As of December 31, 2001 and 2000, and for the Year ended December 31, 2001*

Superior Financial Corp. 401(k) Plan

Financial Statements  
and Supplemental Schedule

As of December 31, 2001 and 2000, and for  
the Year ended December 31, 2001

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## Report of Independent Auditors

Plan Administrator  
Superior Financial Corp. 401(k) Plan

We have audited the accompanying statements of net assets available for benefits of Superior Financial Corp. 401(k) Plan as of December 31, 2001 and 2000, and the related statement of changes in net assets available for benefits for the year ended December 31, 2001. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Plan at December 31, 2001 and 2000, and the changes in its net assets available for benefits for the year ended December 31, 2001, in conformity with accounting principles generally accepted in the United States.

Our audits were performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supplemental schedule of assets (held at end of year) as of December 31, 2001, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental schedule is the responsibility of the Plan's management. The supplemental schedule has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Ernst & Young LLP*

May 9, 2002

Superior Financial Corp. 401(k) Plan

Statements of Net Assets Available for Benefits

	December 31	
	2001	2000
<b>Assets</b>		
Investments	<u>\$ 2,660,435</u>	<u>\$ 1,961,837</u>
Net assets available for benefits	<u>\$ 2,660,435</u>	<u>\$ 1,961,837</u>

*See accompanying notes.*

## Superior Financial Corp. 401(k) Plan

### Statement of Changes in Net Assets Available for Benefits

Year ended December 31, 2001

#### **Additions**

Investment income (loss):

Net depreciation in fair value of investments	\$ (256,045)
Interest and dividends	<u>36,170</u>
	(219,875)

Contributions:

Employer	370,951
Participant	771,103
Rollover	<u>17,815</u>
	<u>1,159,869</u>
Net additions	939,994

#### **Deductions**

Benefits paid directly to participants	<u>241,396</u>
Total deductions	<u>241,396</u>
Net increase	698,598
Net assets available for benefits, at beginning of year	<u>1,961,837</u>
Net assets available for benefits, at end of year	<u><u>\$ 2,660,435</u></u>

*See accompanying notes.*

# Superior Financial Corp. 401(k) Plan

## Notes to Financial Statements

December 31, 2001

### **1. Description of the Plan**

The following description of the Superior Financial Corp. 401(k) Plan (the Plan) provides only general information. Participants should refer to the Summary Plan Description or the Plan document for a more complete description of the Plan's provisions.

#### **General**

The Plan is a defined contribution plan covering substantially all employees of Superior Bank and its subsidiaries (the Company) who are age 21 and over. Participants are eligible to participate in the Plan after completion of six months of service. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

#### **Contributions**

Participants may make pretax contributions from 1% to 15% of their compensation. The Company may make a discretionary matching contribution up to an amount equal to 6% of a participant's compensation. For 2001, the discretionary matching contribution was 100% of employee deferrals up to 3% of the participants' compensation. Participants are permitted to direct the investments of their account by choosing among the funds that the Company makes available for investment.

#### **Participant Accounts**

Each participant's account is credited with the participant's contribution and allocations of (a) the Company's discretionary matching contribution and (b) Plan earnings. Forfeitures are applied to reduce the Company's contribution to the Plan in the following Plan year. During 2001, terminated participants forfeited nonvested accounts totaling \$13,039. At December 31, 2001 and 2000, there were \$13,039 and \$20,535, respectively, in unallocated assets. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

## Superior Financial Corp. 401(k) Plan

### Notes to Financial Statements (continued)

#### **1. Description of the Plan (continued)**

##### **Vesting**

Participants are immediately vested in their contributions plus actual earnings thereon. Company contributions are vested 25% each year and become fully vested after a participant completes his or her fourth year of service or in the event of retirement, disability, or death.

##### **Payment of Benefits**

Upon termination of service, a participant may receive a lump-sum amount equal to the vested value of his or her account.

##### **Plan Termination**

Although it has not expressed any intent to do so, the Company has the right to terminate the Plan at any time. In the event of termination of the Plan, all participants become fully vested.

#### **2. Summary of Accounting Policies**

##### **Investment Valuation and Income Recognition**

The Plan's shares of registered investment companies are valued at the net asset values published by the fund's administrator on the last business day of the Plan year. The fund for common stock of the Employer, consisting of employer stock and cash, was recorded at fair value as determined by quoted market prices under a unitization method.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.



## Superior Financial Corp. 401(k) Plan

### Notes to Financial Statements (continued)

#### 2. Summary of Accounting Policies (continued)

##### Use of Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

##### Administrative Expenses

Administrative expenses incurred in connection with the operation of the Plan are borne by the Company.

#### 3. Investments

Investors Bank & Trust serves as the trustee of the Plan and Diversified Investment Advisors serves as the record-keeper of the Plan.

During 2001, the Plan's investments (including investments purchased, sold, as well as held during the year) appreciated (depreciated) in fair value as determined by published market prices for mutual funds and quoted market prices for the common stock fund as follows:

	<b>Net Appreciation (Depreciation) in Fair Value of Investments</b>
Mutual funds	<b>\$ (285,505)</b>
Superior Financial Corp. Common Stock Fund	<b>29,460</b>
	<b><u>\$ (256,045)</u></b>

## Superior Financial Corp. 401(k) Plan

### Notes to Financial Statements (continued)

#### 3. Investments (continued)

The fair value of individual investments that represent 5% or more of the Plan's net assets available for benefits is as follows:

	<u>December 31 2001</u>
Aggressive Equity Fund	\$ 406,189
International Equity Fund	141,290
Growth and Income Fund	251,525
Value and Income Fund	558,307
Intermediate Horizon Strategic Allocation Fund	182,272
Long Horizon Strategic Allocation Fund	263,623
Superior Financial Corp. Common Stock Fund	144,968
	<u>December 31 2000</u>
Aggressive Equity Fund	\$ 447,593
International Equity Fund	145,886
Growth and Income Fund	231,457
Value and Income Fund	567,996
Intermediate Horizon Strategic Allocation Fund	117,454

#### 4. Income Tax Status

The underlying prototype plan document is intended to meet the requirements of the Tax Reform Act of 1986 and all subsequent pension legislation. The Plan has been filed with the Internal Revenue Service and is pending a determination letter indicating that the Plan, as written, is qualified.

## Superior Financial Corp. 401(k) Plan

### Notes to Financial Statements (continued)

#### 5. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500:

	<u>December 31 2001</u>
Net assets available for benefits per the financial statements	\$ 2,660,435
Less: Amounts allocated to withdrawing participants at December 31, 2001	<u>(8,018)</u>
Net assets available for benefits per the Form 5500	<u><u>\$ 2,652,417</u></u>

The following is a reconciliation of benefits paid directly to participants per the financial statements to the Form 5500 for December 31, 2001:

Benefits paid directly to participants per the financial statements	\$ 241,396
Add: Amounts allocated to withdrawing participants at December 31, 2001	<u>8,018</u>
Less: Amounts allocated to withdrawing participants at December 31, 2000	<u>(277)</u>
Benefits paid directly to participants per the Form 5500	<u><u>\$ 249,137</u></u>

Amounts allocated to withdrawing participants are recorded on the Form 5500 for benefit claims that have been processed and approved for payment prior to December 31 but not yet paid as of that date.

# Supplemental Schedule

Superior Financial Corp. 401(k) Plan

Schedule H, Line 4i – Schedule of Assets (Held At End of Year)

EIN: 51-0379417, Plan No. 001

December 31, 2001

(a)	(b) Identity of Issue, Borrower, Lessor, or Similar Party	(c) Description of Investment	(e) Current Value
	<b>Mutual Funds</b>		
*	Diversified Investment Advisors	Money Market Fund	\$ 57,208
*	Diversified Investment Advisors	Intermediate Bond Fund	86,738
*	Diversified Investment Advisors	Short Horizon Strategic Allocation Fund	75,510
*	Diversified Investment Advisors	Core Bond Fund	40,986
*	Diversified Investment Advisors	Short/Intermediate Horizon Strategic Allocation Fund	61,300
*	Diversified Investment Advisors	Intermediate Horizon Strategic Allocation Fund	182,272
*	Diversified Investment Advisors	Value and Income Fund	558,307
*	Diversified Investment Advisors	Stock Index Fund	89,614
*	Diversified Investment Advisors	Intermediate/Long Horizon Strategic Allocation Fund	115,701
*	Diversified Investment Advisors	Growth and Income Fund	251,525
*	Diversified Investment Advisors	Equity Growth Fund	106,814
*	Diversified Investment Advisors	Long Horizon Strategic Allocation Fund	263,623
*	Diversified Investment Advisors	Special Equity Fund	65,351
*	Diversified Investment Advisors	International Equity Fund	141,290
*	Diversified Investment Advisors	Aggressive Equity Fund	406,189
	Total mutual funds		2,502,428
	<b>Stock Fund</b>		
*	Diversified Investment Advisors	Interest-bearing cash	13,039
*	Common stock of Superior Financial Corp.	10,959 unitized shares	144,968
			<u>\$ 2,660,435</u>

\*Indicates party-in-interest to the Plan.

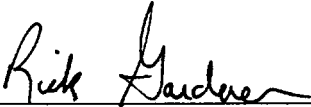
Column (d) is not applicable for participant-directed investments.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the persons who administer the employee benefit plan have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Superior Financial Corp. 401(k) Plan

June 20, 2002

  
\_\_\_\_\_  
Rick Gardner  
Chief Financial Officer

## EXHIBIT INDEX

Exhibit Number	Seq. Description	Page No.
23	Consent of Ernst & Young LLP	11

Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-86241) pertaining to the Superior Financial Corp. 401(k) Plan of our report dated May 9, 2002, with respect to the financial statements and schedule of the Superior Financial Corp. 401(k) Plan included in this Annual Report (Form 11-K) for the year ended December 31, 2001.

*Ernst & Young LLP*

Little Rock, Arkansas  
June 20, 2002